

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

UNITED STATES OF AMERICA, *ex rel.*  
KAT NGUYEN-SELIGMAN,

Plaintiff,

v.

LENNAR CORPORATION, a Delaware  
corporation; UNIVERSAL AMERICAN  
MORTGAGE COMPANY, LLC, a Florida  
corporation; and EAGLE HOME  
MORTGAGE OF CALIFORNIA, INC., a  
California corporation,

Defendants.

CASE NO. 14-cv-1435-RSM

**FILED UNDER SEAL**

Noted for Consideration on:  
July 17, 2018

**UNITED STATES' EX PARTE APPLICATION**  
**FOR AN EXTENSION OF TIME**  
**TO CONSIDER ELECTION TO INTERVENE**

Pursuant to the False Claims Act, 31 U.S.C. § 3729–33 (FCA), the United States of America respectfully applies to the Court *ex parte* for an Order extending for three months, or until October 19, 2018, the period during which the United States will determine whether or not to intervene in this case, and for an extension of time during which this case will remain under seal. **Relator's counsel has been consulted and concurs with this request.**

UNITED STATES' EX PARTE APPLICATION  
FOR AN EXTENSION OF TIME - 1  
(CASE NO. 14-cv-1435-RSM)  
**FILED UNDER SEAL**

UNITED STATES ATTORNEY  
700 STEWART STREET, SUITE 5220  
SEATTLE, WASHINGTON 98101  
(206) 553-7970

## **PROCEDURAL HISTORY**

On or about September 18, 2014, Relator Kat Nguyen-Seligman filed the Complaint in this action under seal under the *qui tam* provisions of the FCA, 31 U.S.C. § 3730, which permit individuals to file actions on behalf of the United States, alleging violations of the FCA. The Relator completed service on the United States on or about September 23, 2014. The FCA expressly contemplates that the government's investigative period may be extended more than once upon a showing by the United States of "good cause." *Id.* § 3730(b)(3). This is the government's ninth and, it is anticipated, final request for an extension of the seal, which is currently scheduled to expire on July 20, 2018.<sup>1</sup>

## **THE RELATOR'S ALLEGATIONS**

As the Court is aware, Defendant Lennar Corporation (Lennar) is a Delaware Corporation headquartered in Miami, Florida that builds homes throughout the United States, including homes in the Western District of Washington. Defendant Universal American Mortgage Company, LLC, (UAMC) is a subsidiary of Lennar and provides financing and related services to buyers of homes built by Lennar. Eagle Home Mortgage of California (Eagle Home) is also a subsidiary of Lennar, which provides financing and related services to homebuyers. The entities are hereafter referred to collectively as "the Lennar Companies."

---

<sup>1</sup> The government is mindful that this matter has been under seal for some time and, as described in detail in its prior Applications, it has been working diligently to conclude its extensive investigation into Relator's allegations. Nonetheless, should the Court require further information about the pace of the government's investigation, the government would appreciate the opportunity to provide additional detail in person in camera.

1 The United States Department of Housing and Urban Development (HUD) insures the  
2 Lennar Companies' home mortgages. Under HUD's mortgage insurance program, if a  
3 homeowner defaults on a loan and the mortgage holder forecloses on the property, HUD  
4 pays the mortgage holder the balance of the loan, and then assumes ownership and  
5 possession of the property. Relator alleges, among other schemes, that the Lennar  
6 Companies failed to undertake meaningful quality control for a significant portion of its  
7 HUD-insured loans. Relator alleges that the Lennar Companies failed to sufficiently  
8 perform required due diligence on HUD-insured loans, including, but not limited to: (1)  
9 failing to investigate loans flagged by auditors as violating HUD guidelines; (2) failing to  
10 verify information provided in loan files; and (3) failing to ensure that funds used to close a  
11 loan were properly traced.<sup>2</sup> Relator alleges that these practices resulted in the Lennar  
12 Companies' certification of thousands of ineligible mortgages to HUD.  
13  
14  
15  
16

### 17 **THE GOVERNMENT'S INVESTIGATION**

18 As the Court knows, the government was investigating the Lennar Companies' loan  
19 practices prior to the filing of Relator's suit. Prior to the filing of Relator's suit, the  
20 government issued two HUD administrative subpoenas for documents and one Civil  
21 Investigative Demand (CID) requesting answers to interrogatories. After Relator filed suit,  
22  
23  
24  
25  
26

---

27 <sup>2</sup> Tracing is important because it ensures that funds used to secure a mortgage are from an allowable source. Using  
28 funds from an unallowable source may mislead the lender, and eventually HUD, as to the potential mortgage holder's credit risk.

1 the government promptly interviewed Relator and reviewed the documents provided by the  
2 Relator.

3  
4 Since the last extension of the seal in this matter, the government, defendants and  
5 Relator's counsel have been negotiating a potential resolution to the *qui tam* Complaint. All  
6 parties have been actively involved in the negotiations and we anticipate that we will reach  
7 an agreement during this last seal extension. In light of the progress that the parties have  
8 made toward settlement, the government submits that all parties will benefit from the case  
9 remaining under seal while we continue and finalize negotiations. As noted at the outset,  
10 Relator's counsel has been consulted and has no objection to this request for additional time.  
11

### 12 ARGUMENT AND AUTHORITIES

13  
14 The FCA expressly contemplates the United States obtaining extensions of time to  
15 make its intervention decision in *qui tam* actions. *See* 31 U.S.C. § 3730 (b)(3) (the United  
16 States "may, for good cause shown, move the court for extensions of time . . ."). For the  
17 reasons set forth above, the government contends that the "good cause" standard is satisfied  
18 in this case.  
19

20  
21 The United States also respectfully requests that the Court order that the Complaint  
22 and other filings be kept under seal through October 19, 2018, unless otherwise ordered by  
23 the Court. Such an extension of the seal is contemplated by, and consistent with, the express  
24 terms of the FCA. *See* 31 U.S.C. § 3730(b)(3). Experience demonstrates that concluding a  
25 non-judicial resolution of this matter, should the facts so warrant, will be facilitated if  
26 Relator's allegations have not yet been publicly disseminated.  
27  
28

1  
2  
3 **CONCLUSION**

4 Accordingly, the United States requests that the Court enter an Order extending for  
5 three months, until and including October 19, 2018, the period for the United States to make  
6 its decision whether to intervene in this case and providing that during this time the case will  
7 remain under seal.  
8

9 Dated this 17th day of July, 2018.

10 Respectfully submitted,

11  
12 **CHAD A. READLER**  
13 Acting Assistant Attorney General

14 **ANNETTE L. HAYES**  
15 United States Attorney

16   
17 **KAYLA C. STAHMAN, CABA NO.**  
18 228931

19 Assistant United States Attorney  
20 United States Attorney's Office  
21 700 Stewart Street, Suite 5220  
22 Seattle, Washington 98101-1271  
23 Phone: 206-553-7970  
24 Fax: 206-553-4073  
25 E-mail: [kayla.stahman@usdoj.gov](mailto:kayla.stahman@usdoj.gov)

26 **MICHAEL D. GRANSTON**  
27 **SARA McLEAN**  
28 **MARY CHRIS DOBBIE**  
**ATTORNEYS**  
U.S. Department of Justice  
Commercial Litigation Branch  
P.O. Box 261  
Ben Franklin Station

Washington, D.C. 20044

Tel: 202-353-1750

Fax: 202-305-7797

Counsel for the United States of America

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
UNITED STATES' *EX PARTE* APPLICATION  
FOR AN EXTENSION OF TIME - 6  
(CASE NO. 14-cv-1435-RSM)  
FILED UNDER SEAL

UNITED STATES ATTORNEY  
700 STEWART STREET, SUITE 5220  
SEATTLE, WASHINGTON 98101  
(206) 553-7970